

Department of Veterans Affairs

§ 8.3

EFFECTIVE DATE

§ 8.1 Effective date for insurance issued under section 1922(a) of title 38 U.S.C.

The effective date may be established upon written request of the applicant as follows:

(a) As of the date on which valid application and tender of premium are made.

(b) As of the first day of the month in which valid application and tender of premium are made.

(c) As of the first day of the month following the month in which valid application and tender of premium are made.

(d) As of the first day of any month, but not more than 6 months prior to the month in which valid application and tender of premium are made: *Provided*, That there be paid an amount equal to the full reserve on the insurance at the end of the month prior to the month in which application is made, and the full premium on the amount of insurance for the month in which application is made.

[61 FR 29291, June 10, 1996]

PREMIUMS

§ 8.2 Payment of premiums.

(a) *What is a premium?* A premium is a payment that a policyholder is required to make for an insurance policy.

(b) *How can policyholders pay premiums?* Premiums can be paid by:

(1) Cash, check, or money order directly to VA.

(2) Allotment from service or retirement pay.

(3) Automatic deduction from VA benefits (pension, compensation or insurance dividends (see § 8.4)).

(4) Pre-authorized debit from a checking account.

(c) *When should policyholders pay premiums?* (1) Unless premiums are paid in advance, policyholders must pay premiums on the effective date shown on the policy and on the same date of each following month. This is called the "due date."

(2) Policyholders may pay premiums quarterly, semi-annually, or annually in advance.

(d) *What happens if a policyholder does not pay a premium on time?* (1) When a policyholder pays a premium within 31 days from the "due date," the policy remains in force. This 31-day period is called a "grace period." If the insured dies within the 31-day grace period, VA deducts the unpaid premium from the amount of insurance payable.

(2) If a policyholder pays a premium after the 31-day grace period, VA will not accept the payment and the policy lapses effective the date the premium was due; Except that VA will accept a premium paid after the 31-day grace period as a timely payment if:

(i) The policyholder pays the premium within 61 days of the due date; and

(ii) The policyholder is alive at the time the payment is mailed.

(3) When a policyholder pays the premium by mail, the postmark date is the date of payment.

(4) When a policyholder pays a premium by check or money order which is not honored and it is shown by satisfactory evidence that:

The bank did not pay the check or money order because of:	Then:
An error by the bank	The policyholder has an additional 31 days (from the date stamped on VA's notification letter) to pay the premium and any other premiums due through the current month.
An error in the check or money order	The policyholder has an additional 31 days (same as above).
Lack of funds	The premium is considered not paid.

[65 FR 7437, Feb. 15, 2000]

§ 8.3 Revival of insurance.

(a) If the sole reason death or total disability benefits under a policy of National Service life insurance cannot be granted is that the policy had

lapsed, the insurance will be considered in force under premium-paying conditions on the date of death or the date of commencement of total disability if,

(1) On the date of lapse there were accrued dividends, not then payable, resulting from premiums paid since the